

HOUSE BILL 309

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

## INTRODUCED BY

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## AN ACT

RELATING TO TAXATION; AMENDING A SPECIAL METHOD OF VALUATION TO  
INCLUDE PROPERTY USED FOR STORAGE OF ELECTRIC POWER OR ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 7-36-29 NMSA 1978 (being Laws 1975, Chapter 165, Section 10, as amended) is amended to read:

"7-36-29. SPECIAL METHOD OF VALUATION--PROPERTY USED FOR THE GENERATION, TRANSMISSION, [OR] DISTRIBUTION OR STORAGE OF ELECTRIC POWER OR ENERGY.--

A. All property used for the generation, transmission, [or] distribution or storage of electric power or energy subject to valuation for property taxation purposes shall be valued in accordance with the provisions of this section.

B. As used in this section:

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(1) "depreciation" means straight line depreciation over the useful life of the item of property;

(2) "electric plant" means all property situated in this state used or useful for the generation, transmission, [or] distribution or storage of electric power or energy, but does not include land, land rights, general buildings and improvements, construction work in progress, materials and supplies and licensed vehicles;

(3) "construction work in progress" means the total of the balances of work orders for an electric plant in process of construction on the last day of the preceding calendar year exclusive of land, land rights and licensed vehicles;

(4) "general buildings and improvements" means buildings of the nature of offices, residential housing, warehouses, shops and associated improvements in general use by the taxpayer and not directly associated with generation, transmission, [or] distribution or storage of electric power or energy;

(5) "materials and supplies" means the cost, including sales, use and excise taxes, and transportation costs to point of delivery in this state, less purchases and trade discounts, of all unapplied material and supplies on hand in this state as of December 31 of the preceding calendar year; [and]

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(6) "storage" means energy storage technology that converts, stores and returns electricity to alleviate disparities between electricity supply and demand, to facilitate the dispatching of electricity or to increase economic return on the sale of electricity; and

[~~(6)~~] (7) "tangible property cost" means the actual cost of acquisition or construction of property, including additions, retirements, adjustments and transfers, but without deduction of related accumulated provision for depreciation, amortization or other purposes; "tangible property cost" excludes the cost of property contributed to, or acquired with funds contributed to, a utility by or on behalf of a ratepayer or potential ratepayer for the expansion, improvement or replacement of property used for the transmission or distribution of electric power of the utility.

C. An electric plant shall be valued as follows:

(1) the department shall determine the tangible property cost of the electric plant;

(2) such tangible property cost shall then be reduced by the related accumulated provision for depreciation and any other justifiable factors, including functional and economic obsolescence, such as the limitation on the use of the property based on the available reserves committed to the property; and

(3) notwithstanding the foregoing

1 determination of value for property taxation purposes, the  
2 value for property taxation purposes of an electric plant shall  
3 not be less than twenty percent of the tangible property cost  
4 of the electric plant.

5 D. The value of construction work in progress shall  
6 be fifty percent of the amount expended and entered upon the  
7 accounting records of the taxpayer as of December 31 of the  
8 preceding calendar year as construction work in progress.

9 E. The value of materials and supplies shall be the  
10 tangible property cost for such property as of December 31 of  
11 the preceding calendar year.

12 F. Each item of property having a taxable situs in  
13 the state and valued under this section shall have its net  
14 taxable value allocated to the governmental units in which the  
15 property is located.

16 G. The department shall adopt regulations [under  
17 ~~Section 72-31-88 NMSA 1953~~] to implement the provisions of this  
18 section."

19 SECTION 2. APPLICABILITY.--The provisions of this act  
20 apply to property tax years beginning on or after January 1,  
21 2027.